Jammu & Kashmir from accepting foreign contributions under Section 10(a) of the Foreign Contributions (Regulations) Act, 1976. Further, certain individuals in the State of Jammu & Kashmir are required to obtain prior permission before accepting any foreign hospitality under Section 10(d) of the Act *ibid.* Reserve Bank of India (RBI) have instructed the commercial banks to advise their branches to keep watch on their accounts and irregularities, if any, should be brought to the notice of the Ministry of Home Affairs.

The UN Security Council resolution 1373, which was adopted on 28th September, 2001 required States to undertake a range of measures to combat terrorism, including freezing financial assets and economic resources of those who commit an attempt to commit terrorist acts etc. The President of India has recently promulgated the Prevention of Terrorism Ordinace, 2001 to deal with the menace of terrorism in India. RBI has been requested to issue necessary instructions to all the banks throughout the country to keep a watchful eye on the transactions of the terrorist organisations listed in the schedule to the Ordinace, and if something is found violative of the extant Acts or normal banking operations, the matter must be reported by the concerned bank to RBI and RBI should take appropriate action.

Withdrawl of Tax Exemption in respect of small savings

†973. SHRI BALKAVI BAIRAGI: Will the Minister of FINANCE be pleased to state:

(a) whether the government are going to withdraw Income-tax concessions being given on stipulated savings schemes of Post Offices such as various small savings schemes and Provident Fund *w.e.f.* the year 2002.

(b) if so, the names of such schemes and the date from which they are to be implemented;

(c) whether Government are contemplating to increase the income tax limit also in view of withdrawing above concessions; and

(d) if so, what limit has been fixed therefor?

† Original notice of the Question was received in Hindi.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) Decisions regarding income-tax concessions including those on small savings schemes are part of the budgetary processes. The Government's decision, if any, shall be reflected in the Finance Bill.

(c) and (d) The income tax limit is fixed after due deliberation as part of the budgetary processes. The Government's decision, if any, shall be reflected in the Finance Bill.

Autonomy to GIC

974. SHRI JIBON ROY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have effected complete functional autonomy in personnel matters, investments and reinsurance etc. to subsidiary companies of General Insurance Corporation of India; and

(b) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) After the entry of private insurance companies into the Indian insurance sector, it was required for the Government to approve an Indian re-insurer to enable the insurance companies, both in private and public sector, to reinsure their business in India. Keeping in view the expertise, experience and financial strength of General Insurance Corporation of India (GIC), the Government under Section 101 A (8) (ii) of the Insurance Act, 1938 approved GIC as the "Indian Reinsurer" on 30.11.2000. After such approval, it was required under the law for GIC to cease underwriting insurance business directly or through its subsidiaries. Therefore, the Government directed GIC to grant operational and functional autonomy to its four subsidiary companies on personal, investment and reinsurance matters.